

Michael O. Leavitt Governor Kathleen Clarke Executive Director Lowell P. Braxton Division Director

1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

September 9, 1999

CRR P074 976 761

William Armstrong
The Renco Group, Inc.
30 Rockefeller Plaza
New York City, New York 10112

Re: Return of Replacement Surety Bond, Frontier Insurance Company - Bond Magnesium Corporation of America (MagCorp), Knolls Solar Ponds, M/045/022, Tooele County, Utah

Dear Mr. Armstrong:

We are enclosing the original copy of the replacement surety bond from Frontier Insurance Company which you forwarded to us by letter dated July 26, 1999. We are returning this bond to you as requested in your September 8, 1999 telephone call. You stated that the existing \$110,000 Gulf Insurance Company bond , which we have on file for MagCorp's Knolls Solar Ponds Project, will remain in full force and effect until further notice.

The Frontier bond was originally meant to replace the Gulf bond, but it will now be terminated. Accordingly, it is being returned to you for appropriate processing. As stated in our August 23, 1999 letter to Mr. Lee Brown of MagCorp, the existing reclamation cost estimate for the Knoll's Solar Ponds Project is overdue for its 5-year review and renewal. We hope to contact MagCorp in the near term to schedule a project overview which will enable us to prepare an updated reclamation surety estimate for the Knoll's Solar Ponds Project. A replacement surety may be required at that time.

If I can be of further assistance, or answer any other questions, please contact me at (801) 538-5286.

Sincerely,

D. Wayne Hedberg

Permit Supervisor

Minerals Reclamation Program

jb

Enclosure: Frontier Surety Bond cc: Lee Brown, MagCorp

M0.ltr



42nd Floor

212-541-6000 Facsimile 212-541-6197

Savety Denied returned Original Original

July 26, 1999

State of Utah Department of Natural Resources Division of Oil, Gas and Mining 355 West North Temple 3 Triad Center, Suite 350 Salt Lake City, Utah 84180-1203

RE: The Mined Land Reclamation Act

To Whom It May Concern:

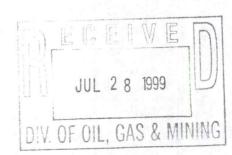
Attached is a fully executed surety bond for Magnesium Corporation of America.

Sincerely,

William Armstrong

WKA;jr

cc: T. Ogaard





1023 W. 55TH ST., COUNTRYSIDE, IL 60525 708-352-6282

EXHIBIT B

MR FORM 6 Joint Agency Bonding Form

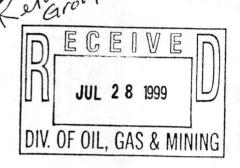
(January 1990) (Noncoal)

Bond Number_ Permit Number_ Mine Name

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

THE MINED LAND RECLAMATION ACT

BOND



The undersigned <u>Magnesium Corporation of America</u> as Principal, and <u>Frontier Insurance</u> <u>Company</u> as Surety Company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining, in the penal sum of <u>One Hundred Ten Thousand and No/100</u> dollars (\$110,000.00------).

The Principal estimated in the Mining and Reclamation Plan filed with the Division of Oil, Gas and Mining on the <u>26th</u> day of <u>July</u>, 19<u>99</u>, that <u>176</u> acres of land will be disturbed by this mining operation in the State of Utah. A description of the disturbed land is attached hereto as Exhibit "A".

When the Division has determined that the Principal has satisfactorily reclaimed the above-mentioned lands affected by mining in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect until the reclamation is completed as outlined in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a piecemeal or cyclic basis, and the land is reclaimed in accordance with such plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area of the land affected or increased reclamation work, then this bond may accordingly be increased with the written approval of the Surety Company.

This bond may be cancelled by the Surety Company after ninety (90) days following receipt by the Division and the Principal of written notice of such cancellation. The Surety Company's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that the Surety Company will retain liability for any outstanding reclamation obligation of the Principal existing prior to the termination of the Bond.

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NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.

Dated this 26th day of July, 1999.

	State of Utah Board of Oil, Gas and Mining
	Magnesium Corporation of America
Date: July 26, 1999	By Company Officer - Position ROLER L. FILY VICTE PRE
	Frontier Insurance Company Surety Company
	By <u>Aun</u> X. <u>Moran</u> Surety Company Officer - Position Dawn L. Morgan, Attorney-in-Fact
Date:	
APPROVED AS TO FORM:	
Ву	
Assistant Attorney General	

STATE OF ILLINOIS }
S.S.
COUNTY OF COOK }

On July 26, 1999, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Dawn L. Morgan, known to me to be Attorney-in-Fact of Frontier Insurance Company, the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument, and known to me to be the person who executed the said instrument on behalf of the said corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires on June 15, 2002

Notary Public

"OFFICIAL SEAL"

KELLY A JACOBS

NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 5/15/2002

(A Stock Company)

POWER OF ATTORNEY

Bunto All Hen By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT: Alice Rhoads

Bonnie Kruse Stephen T. Kazmer

Lewis James Scheer Michael J. Scheer

Illinois

James I. Moore

Dawn L. Morgan

Countryside

in the State of

its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED FIVE MILLION (\$5,000,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Mitness Mhercof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its President and its Corporate seal to be affixed this 29th day of April

FRONTIER INSURANCE COMPANY

State of New York County of Sullivan

SS

On this 29th day of April , 19 97, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came THEODORE J. RIPLEY of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Mhereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written.

alicia a Lanere ALICIA A. LANESE

Notary Public State of New York Sullivan County Clerk's No. 2396

Commission Expires July 8, 2000

CERTIFICATION

I, JOSEPH P. LOUGHLIN, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Mitness Mhereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this July

JOSEPH P. LOUGHLIN, Secretary